

DIVISION OF FINANCE

ENTERPRISE ZONES

ANNUAL STATUS REPORT
CALENDAR YEAR 2012
Economic Development Article

SECTION 5-709

Submitted by:

Maryland Department of Business and Economic
Development

December 2013

MARYLAND ENTERPRISE ZONE PROGRAM

Maryland's Enterprise Zone Tax Credit Program (hereafter Program) is a joint effort between the State and local governments to provide tax incentives to businesses and property-owners located in some of the State's most economically distressed communities. The Program was created in 1982 with two enterprise zones (hereafter EZ) in two jurisdictions and has grown to include 30 EZs. In accordance with Chapter 305, Acts of 2001, the Department of Business and Economic Development (DBED) has reviewed the effectiveness of the Program and prepared this report. DBED wishes to acknowledge the efforts of the Comptroller of the Treasury (Comptroller), the State Department of Assessments and Taxation (SDAT), and county and municipal EZ administrators for providing valuable information for this report.

As of December 2013, there are 30 EZs across the State and two focus areas. The EZs are located throughout the State, with ten state-designated zones in Western Maryland, ten on the Eastern Shore, four in Southern and Suburban Maryland, and six in Central Maryland (Table 1).

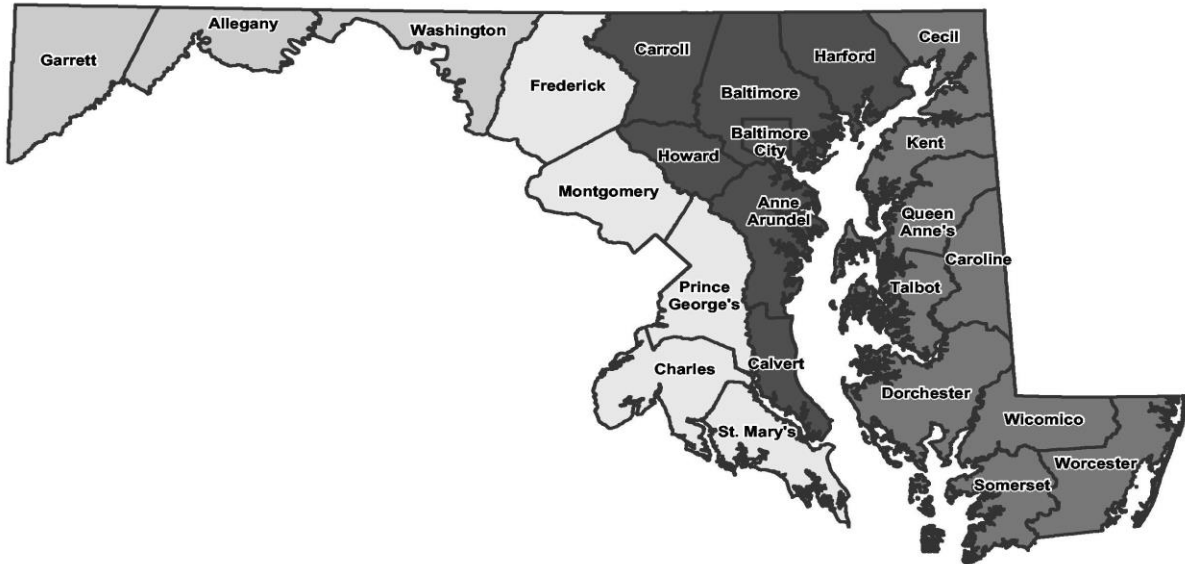


Table 1: Enterprise Zones			
County	Enterprise Zone	Acres	Expires
Alegany	Rt. 220 South-Allegany County	380	12/14/2019
	Cumberland-Allegany County	7,783	6/14/2022
	Frostburg-Allegany County	275	12/14/2014
Baltimore City	Baltimore City	13,453	6/14/2022
Baltimore County	North Point-Baltimore County	3,821	12/14/2015
	Southwest Baltimore County	1,304	6/14/2023
	Woodlawn Baltimore County	395	6/16/2021
Cecil	Cecil County	4,334	6/14/2023
Dorchester	Cambridge-Dorchester County	1,661	6/14/2023
	Hurlock Enterprise Zone	433	6/14/2020
Garrett	Southern Garrett Industrial Park	254	12/14/2016
	Northern Garrett Industrial Park	107	12/14/2018
	Keyser's Ridge Business Park	273	6/14/2014
Harford	Aberdeen/Havre de Grace	8,936	6/14/2016
	Edgewood/Harford County	3,921	12/14/2014
Montgomery	Olde Towne-Gaithersburg	284	6/14/2018
	Glenmont	235	6/14/2023
	Long Branch –Takoma Park	125	6/14/2023
	Wheaton	491	6/14/2016
Prince George's	Prince Georges County	7,275	12/14/2019
Somerset	Crisfield-Somerset County	433	6/14/2016
	Princess Anne-Somerset County	1,155	6/14/2023
Washington	Town of Hancock	1,850	12/14/2015
	Hagerstown-Washington County	4,094	12/14/2022
	Washington County Airport	693	6/14/2014
Wicomico	Salisbury-Wicomico County	4,220	12/14/2022
	Fruitland-Wicomico County	113	6/14/2015
Worcester	Berlin-Worcester County	1,134	12/14/2016
	Pocomoke City	926	6/14/2022
	Snow Hill	233	6/14/2022
Expired Zones			
Alegany	Rocky Gap State Park/Allegany County		12/14/2003
Calvert	Calvert Industrial Park		6/14/2003
Garrett	Central Garrett Industrial Park		6/14/2013
Montgomery	Silver Spring		12/14/2006
Washington	Washington County Interstate 81 Park		12/14/2001
Worcester	Snow Hill/Worcester County		6/14/2005
St. Mary's	Lexington Park		12/15/2010
Montgomery	Tacoma Park (Focus Area only)		6/14/2008
Focus Areas			
Baltimore City	Baltimore City		12/14/2014
Prince George's	Prince George's County		12/14/2014

REAL PROPERTY AND INCOME TAX CREDIT USAGE

The primary benefits to businesses that are located within a Maryland EZ are eligibility for local property tax credits and State income tax credits. The Maryland General Assembly requires DBED and the Comptroller to assess the effectiveness of tax credits provided to businesses in EZs, including the number and amount of credits granted annually and the success of the tax credits in attracting and retaining businesses within EZs.

This report addresses the number and amount of credits granted annually for each credit followed by a discussion of the information provided by county and/ or municipal administrators on how the credits are used to attract and retain businesses.

Property Tax Credits

Eligible businesses in an EZ may claim a ten-year credit against local real property taxes on a portion of real property improvements. The credit is 80% of the assessment increase during the first five years. The credit then decreases 10% annually thereafter to 30% in the tenth year.

SDAT reports on the real property investment made in the EZ, the number of businesses receiving property tax credits and the State's one-half reimbursement back to the local jurisdictions for the property taxes abated as a result of the credits. Businesses will receive property tax credits totaling \$28.8 million in FY 2015. The credits are based on real property investments made by those businesses totaling \$2,377 million. This translates to an average capital investment of \$3.2 million per business. The real property investment will cost the State \$14.4 million to reimburse the localities, assuming the State's full obligation is met.

Since 2000 the amount of property taxes granted to businesses has constantly increased on average by 15% each year. However, for FY 2013 and FY 2014, it shows a plunging trend. From FY 2014 to FY 2015, it has slightly increased by \$1.5 million.

During the last five years, approximately \$13.5 billion was invested in State EZs. The State's reimbursement had been continually increased for over 10 years, which had grown from \$1.9 million in FY 2000 to \$20 million in FY 2012. However, FY 2013 is the first year that the amount of investment and subsequently, the amount of the State reimbursements has declined. The State reimbursements declined 22.5% from FY 2013 to FY 2014, and then they slightly increased 5.3% from FY 2014 to FY 2015.

Table 2: Capital Investment Made in Enterprise Zones						
County	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	% Change FY 2014-2015
Allegany	40,349,670	47,308,475	45,662,346	46,161,007	46,161,007	0.0%
Baltimore City	897,361,621	1,197,722,040	1,365,790,091	1,076,961,613	1,097,383,627	1.9%
Baltimore County	187,247,645	274,769,223	188,153,900	180,868,928	179,148,067	-1.0%
Calvert	11,552,045	9,608,451	11,238,930	11,329,000	6,997,535	-38.2%
Cecil	230,237,945	182,317,823	196,253,652	132,711,889	201,847,273	52.1%
Dorchester	11,015,387	8,784,415	8,101,937	3,495,935	3,495,935	0.0%
Garrett	21,374,883	20,425,837	21,137,891	21,005,142	21,005,143	0.0%
Harford	378,844,020	347,416,666	320,557,624	289,808,304	287,465,866	-0.8%
Montgomery	297,180,514	620,962,725	416,177,863	245,022,046	262,249,915	7.0%
Prince George's	254,280,803	297,733,487	276,722,809	224,238,265	238,909,804	6.5%
St. Mary's	9,908,705	15,165,031	15,557,896	23,889,032	31,772,305	33.0%
Somerset	1,162,944	1,166,810	1,424,839	1,424,839	1,178,934	-17.3%
Washington	107,180,947	100,000,713	94,339,696	94,339,696	100,145,668	6.2%
Wicomico	24,040,620	25,105,037	26,087,915	24,825,606	24,825,606	0.0%
Worcester	2,987,866	2,982,524	1,030,557	603,924	644,691	6.8%
Maryland	2,474,725,615	3,151,469,257	2,988,237,946	2,376,685,226	2,503,231,376	5.3%

Sources: SDAT and DBED

As Table 2 shows the overall amount of capital investment increased 5.3% from FY 2014 to FY 2015. The counties with the largest amounts of capital investment include Baltimore City, Harford, Montgomery, and Prince George's Counties. Among counties that have had the largest increase in investment dollars over the five-year period are Baltimore City and St. Mary's.

There is considerable variation by region in the usage of the Program. This variance is attributable to three factors: 1) eligibility for the Program—poorer areas can more readily meet the eligibility criterion for participation in the Program; 2) political choice to participate in the Program—the governing bodies of counties and their municipalities have sole authority to request creation of an EZ and sole discretion to establish local standards that govern access by businesses to the program's credits; and 3) private sector business expansion—the EZ has no costs unless businesses make new investments in real property. In FY 2015, 785 businesses across the State received tax credits for investments in EZs. Figure 1 shows the location of these businesses by region (Figure 1).

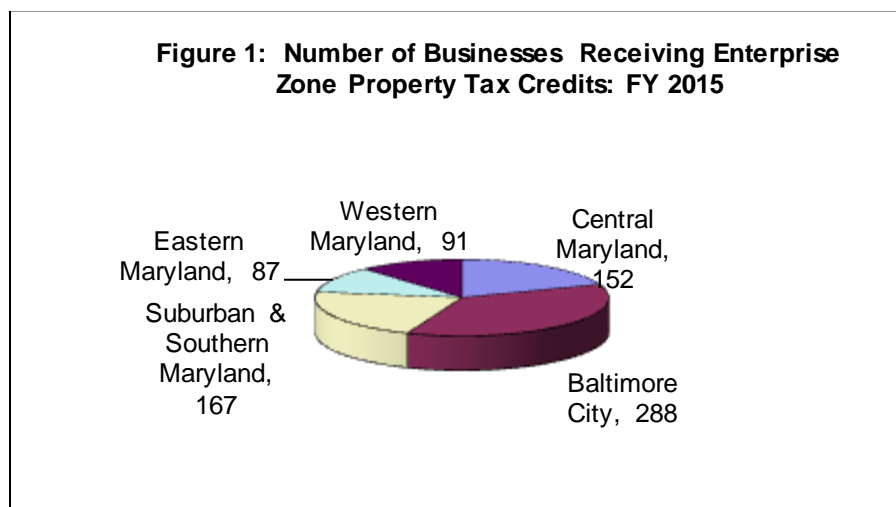
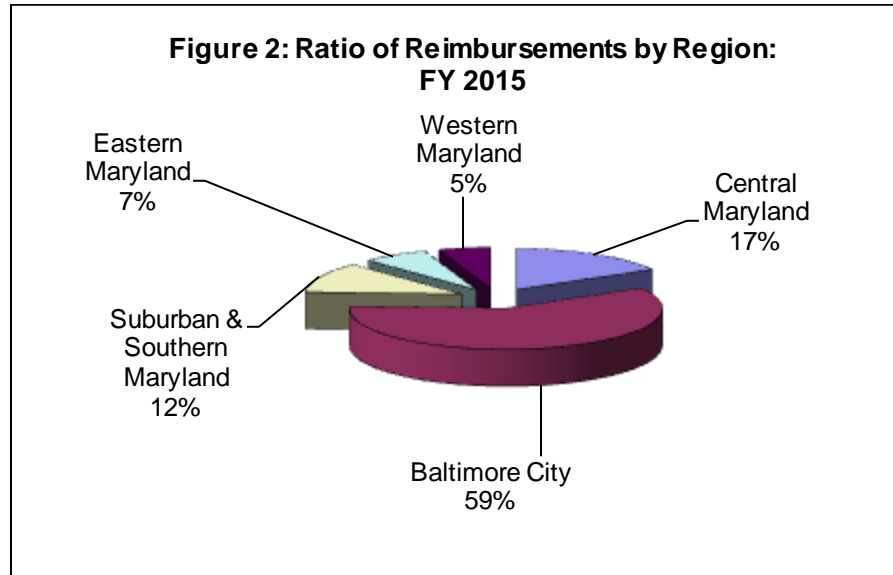


Figure 2 shows the distribution of property tax credit reimbursements by region for the upcoming fiscal year (FY 2015). 59% of the reimbursement will go to Baltimore City, or \$8.5 million. This is followed by Central Maryland (\$2.4 million), Suburban and Southern Maryland (\$1.7 million), the Eastern Shore (\$1.0 million) and Western Maryland (\$0.8 million).



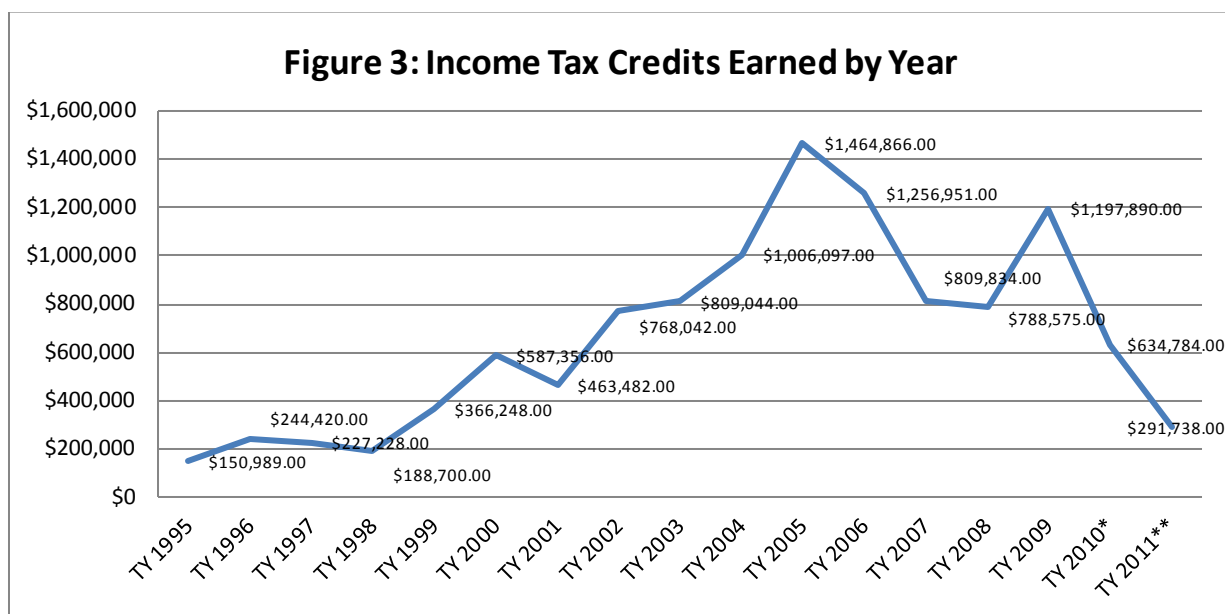
Source: SDAT and DBED

Income Tax Credits

Eligible businesses in an EZ may claim one-year or three-year credits for wages paid to new employees in new positions. The general credit is a one-time \$1,000 credit for each qualified new employee filling a newly created position in an EZ, or \$ 1,500 for each qualified new employee in a focus area. For economically disadvantaged employees, the credit increases to a total of \$6,000 per worker in an EZ or a total of \$9,000 per worker in a focus area distributed over three years. Businesses claim the EZ income tax credits on the 500CR form when they submit their business or individual income tax returns to the Comptroller. If the credit allowed in any tax year exceeds the State income tax liability for that tax year, a business entity may apply the excess as a credit against the State income tax for succeeding tax years until the earlier of the full amount of the excess is used or the expiration or the 5th tax year from the date on which the business entity hired the qualified employee to whom the credit first applies. The Comptroller collects and compiles this tax return data.

The Comptroller has provided consistent tax return data on the EZ income tax credits from tax years 1995 to 2011. As Figure 3 shows, the usage of the credits varies from year-to-year and hit a high in TY 2005. Businesses in EZs have earned a total of \$11.0 million in income credits over this time period.

According to the Department of Labor, Licensing, and Regulation, despite the fact that larger State income tax credits are given to businesses hiring economically disadvantaged employees, only 9 employers have received Tax Credit Employer Certification from DLLR in the last five years.



*TY 2010 data is mostly complete, although there are some corporations whose filing date has not yet passed.

**TY 2011 data is incomplete

Source: Comptroller and DBED

General Comments from Program Administrators

EZ administrators generally agree that the EZ real property tax credit is the most useful and effective EZ credit available to businesses that locate or expand in an EZ. Counties that have few other incentives to offer find that the property tax credits are very important. Several counties also noted that the credits are useful in retaining companies in the zone. Companies considering an expansion often decide to expand within the zone rather than move to another location outside of the zone.

The income tax credits are perceived as secondary in importance in attracting businesses. Most of the businesses are small employers who do not always take advantage of the incentive due to wages paid and the perceived paperwork involved with obtaining the credits. Administrators report a large degree of interest in the credits and find them useful in marketing their areas to prospective businesses.

According to the survey¹ included in the current administrator's report, the zone administrators found that the EZ program is effective in 1) retaining and expanding existing businesses, 2) attracting firms relocating in the area, 3) improving the overall business climate, and 4) filling underutilized completed business facilities/projects. On the other hand, they did not find the program effective in 1) better public-private partnership, 2) improving infrastructure, or 3) main street revitalization.

In summary, the Program continues to impact the EZ community and both real property and income tax credits give business an incentive to select and stay in the EZ.

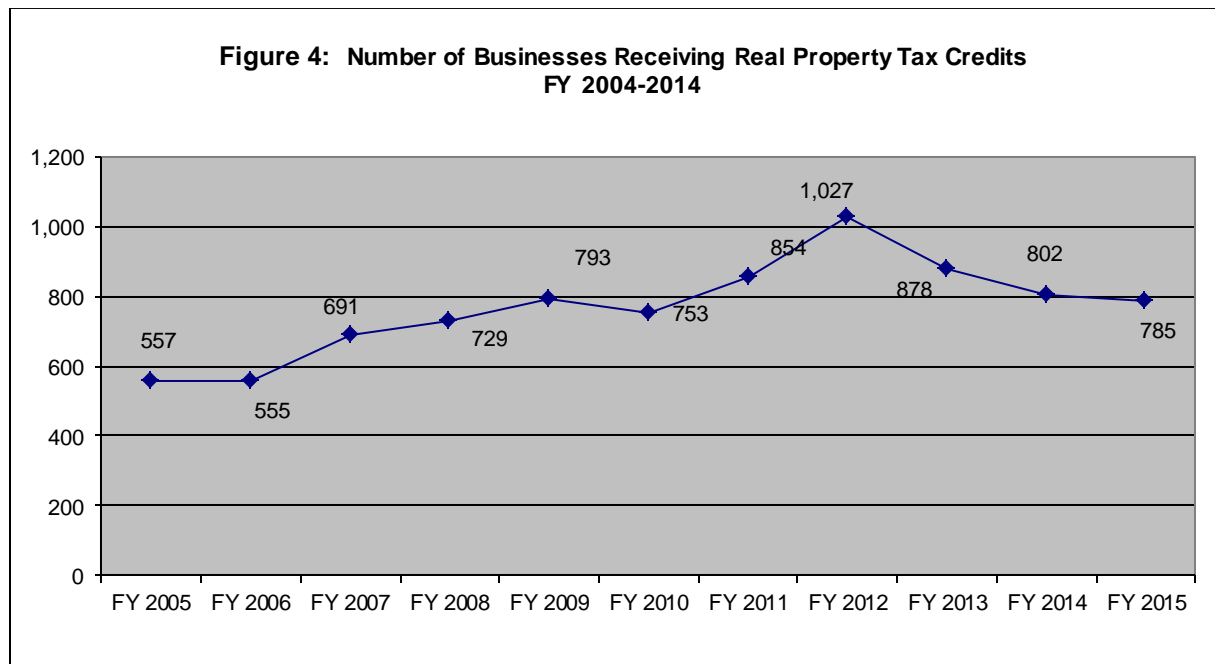
¹ Please see the Appendix A for detail survey results.

BUSINESS ACTIVITY IN THE ENTERPRISE ZONES

Growth in Enterprise Zone Activity

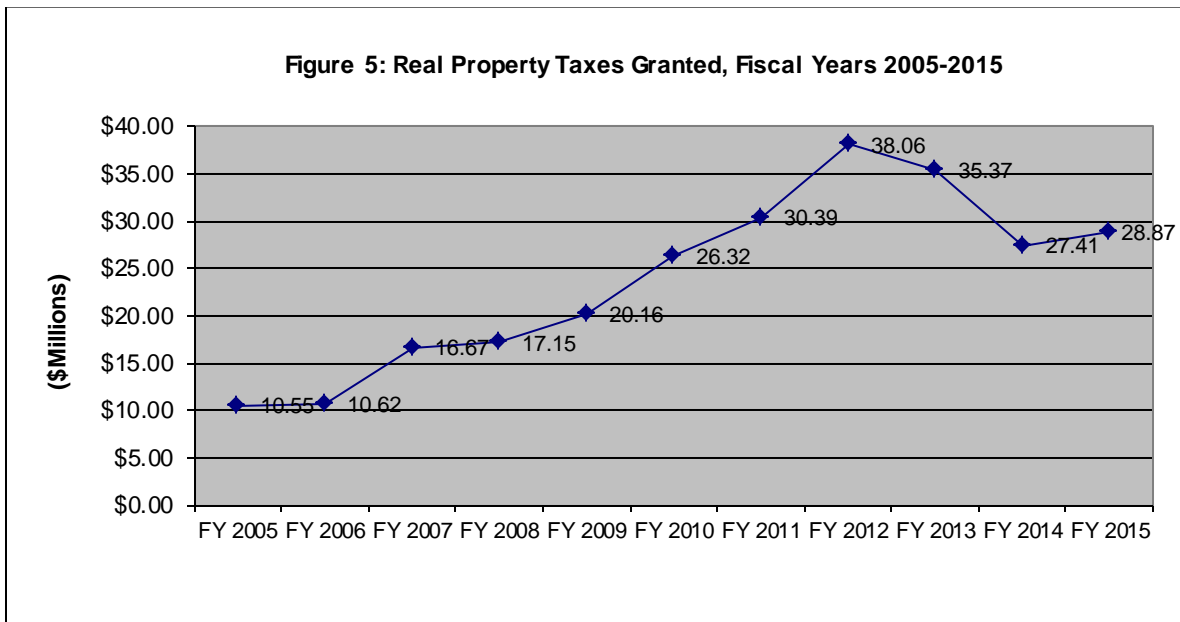
The Program has been in existence for over twenty-five years and since FY 1985 has grown from two businesses in two zones receiving property tax credits to 785 businesses in FY 2015. Qualified businesses in an EZ receive property tax credits for a 10-year period. Therefore, a business receiving a real property tax credit in 2003, if it remained in operation, was still receiving some credit in 2012. In recent years, the trend has been for jurisdictions to apply to expand their existing zones. Bigger zones also mean more opportunities for businesses to apply for the credits.

The number of businesses receiving real property tax credits has generally increased from year-to-year. For the first time in FY 2013, the number decreased, falling almost 15%. This is largely due to a number of businesses reaching the end of their 10-year credit. Figure 5 illustrates the number of businesses receiving real property credits on an annual basis over the last ten years. The number declined again in FY 2015.



Source: SDAT and DBED

As investment has grown, so has the amount of property tax credits granted to businesses in the zones. Real property taxes abated have grown from approximately \$58,000 in the first year to over \$30 million. Over the last ten years, the amount of property tax credits granted increased from almost \$10 million to \$28 million (Figure 5). Again, the program has shown a decline in FY 2013 and again in 2014. The drop in the amount of property tax credits is due both to the decrease of businesses receiving the credit and the reassessment downward of some properties.

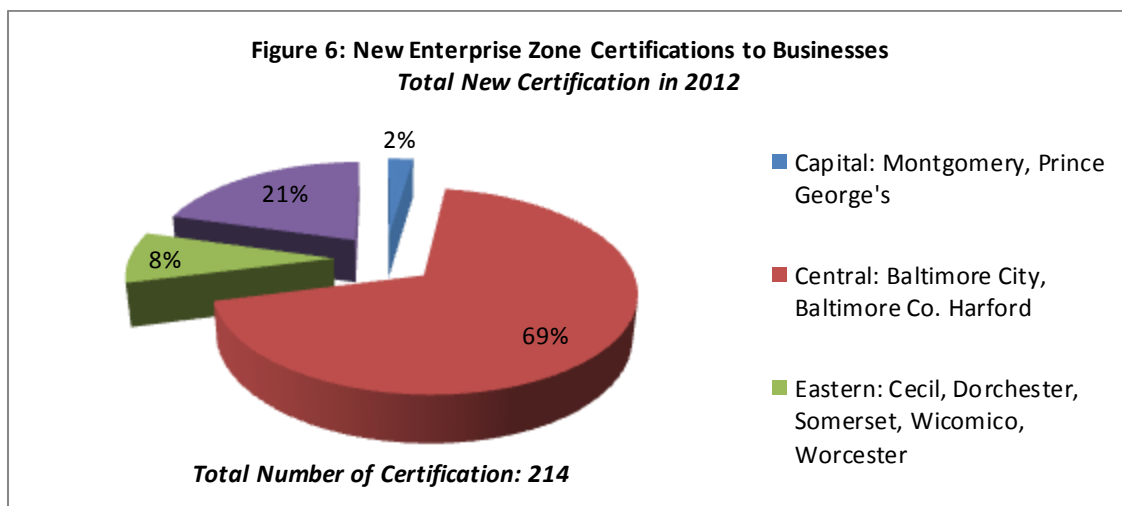


Source: SDAT and DBED

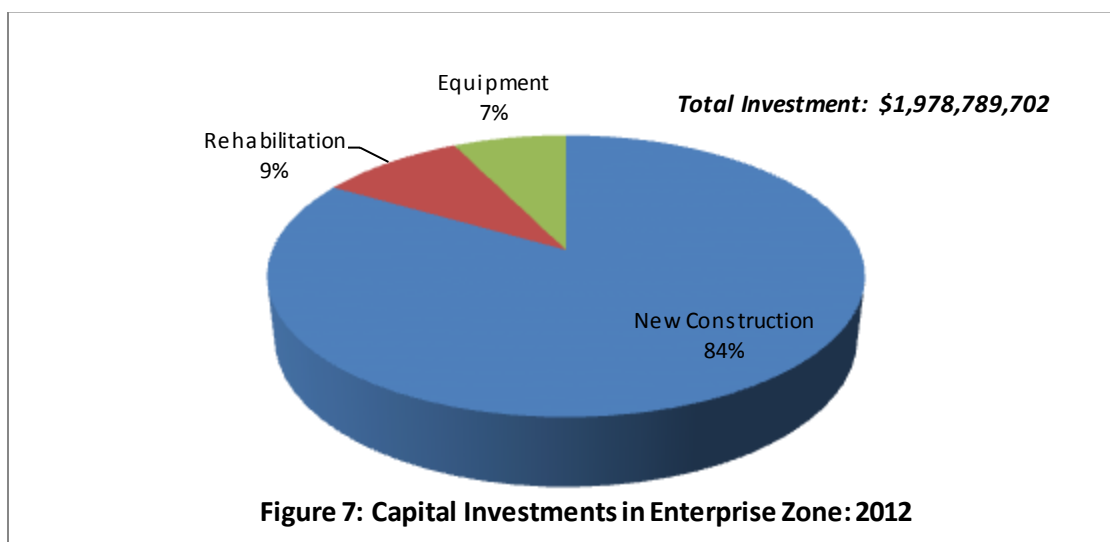
In general, the real property tax credit data provides information on the amount of credits granted and the usage of the credits. The number of businesses participating and the amount of eligible investment has generally grown over the life of the program.

Activity Reports from Enterprise Zone Administrators

In addition to the information from SDAT and the Comptroller on the number and amount of credits granted annually, the local EZ administrator annual reports provide information on the activity of the businesses in their EZs and on their experience in using the credits. Local zone administrators reported that they certified 214 new businesses for the property and/ or income tax credits in 2012, which was a 53% increase from 2011. Most of the increases are in Baltimore City, which increase from 55 certifications in 2011 to 144 certifications in 2012. Figure 6 shows the distribution of new EZ certifications by regions. Based on the administrator reports, net new jobs were 7,588. According to the reports, in 2012 EZ certified businesses made a total of approximately \$2 billion capital investments in new construction, rehabilitation and equipment (Figure 7).



Data Sources: Zone Administrators and DBED



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It is difficult to compare and analyze information on the amount of investment or jobs on a year-to-year basis because the information is, in any year, only reflective of the businesses that provided information to the EZ administrators and does not reflect the activity of all businesses in all of the zones.

Despite the struggling economy, many EZ administrators reported success in attracting and retaining businesses to their EZ. Examples of EZ activities are discussed below.

Excerpts from Administrator Reports: Impact of Property and Income Tax Credits

In 2012, Baltimore City certified the properties located in Harbor Point, which was home to the Allied Signal Chrome Works facility. This world's largest chrome ore processing plant operated from 1845 to 1985 and was shut down. The clean-up costs (over \$110 million) as a result of chromium contamination have made this site expensive and unattractive to developers. The certification of properties in Harbor Point will be used to attract jobs and investment to a vacant undeveloped and contaminated parcel of land. Coupled with the projected private investment, the Harbor Point project is expected to cost \$1.07 billion.

Apples and Oranges Fresh Market (AAOFM) project had completed in early 2013 and opened its door to the community. AAOFM is a new full service, retail grocery store in Daikon Place located at the corner of Broadway and North Ave. in East Baltimore. Areas within the East Baltimore neighborhood have been identified as low access areas for full service supermarkets. By locating AAOFM in Daikon Place, East Baltimore residents will be provided with a convenient, safe place to shop for food.

Baltimore City EZ

Our EZ was expanded in 2011 to include our Technology Park. In 2012, 10 businesses received the EZ certifications. Businesses are expanding their facilities with hopes of increasing their employments.

Cambridge-Dorchester County EZ

The most successful project in 2012 was the expansion of Restoration Hardware, which is a luxury brand of home furnishings. Prior to 2012, this business leased a 600,000 sq. ft. distribution facility at the Principio Business Park. In March 2012, the business expanded the facility by an additional 600,000 sq. ft. An investment on this expansion project was approximately \$65 million and will generate 200 new job opportunities.

Cecil County EZ

Excerpts from Administrator Reports: Impact of Property and Income Tax Credits (continue)

Phenix Technologies, Inc. (Phenix) located in Central Garret EZ, made a significant capital investment to rehabilitate a portion of its facility that will allow it to increase its product line. The EZ tax credits continue to be cited as a major factor in Phenix's expansion decisions –the monies that would have been spent on property taxes have been spent on developing new products and purchasing new equipment. Although employee numbers dropped again in 2012 due to its LEAN practices, it anticipates additional hires once its new product line is fully developed.

Central Garrett Industrial Park EZ

Although there were no new completed projects in 2012, the Windsor Station project continued to attract tenants in 2012. The project is benefiting from the property tax credits. In May 2012, Northrop Grumman occupied 55,000 sq. ft. in the building with an office that supports the Social Security Administration and the Centers for Medicare and Medicaid Services (CMS). CMS was the building's first tenant, occupying 70,000sq. ft. in late 2011.

A positive sign in Woodlawn is the sale of a portfolio of properties that had been put on the market by Corporate Office Properties Trust. The properties were purchased through a joint partnership between CSG Partners and Blue Vista Capital Partners. The sale included over 365,000 sq. ft. in 13 buildings. They new owners have begun making improvements to the properties.

Federal Center at Woodlawn EZ – Baltimore County

ACS, Inc. hired an additional 47 employees and Allegany Research Properties put on an additional 426 employees. Although the downtown area still has some vacancies many of the spaces are now occupied by small businesses that take advantage of EZ program.

Frostburg-Allegany County EZ

Two businesses –a towing business and an auto repair shop – were newly located in the City of Fruitland EZ in 2012. While these businesses are not certified, the property owner at this location is certified and utilizes property tax credits afforded to him to draw new businesses.

Fruitland-Wicomico County EZ

Schroeder Industries LLC, a filter manufacturer in North Branch Industrial Park, has experienced continual growth and has decided to purchase the shell building that the company leases from Allegany County. They have planned an expansion to the building.

Gateway-Allegany County EZ

Havre de Grace Cytec expanded their current facility and the cost of this expansion project is approximately \$8 million (\$2 million in building and \$6 million in equipment).

Toy THYM, LLC, which has relocated a part of the business operations from Cecil County, invested \$75,000 on a vacant warehouse building rehabilitation to expand its businesses.

WCT & Sons, LLC has completed a \$2 million retail construction project consisting of two buildings with a total of 21,482 sq. ft.

Greater Aberdeen-Havre de Grace EZ

With the successful expansion of the Hagerstown-Washington County EZ in July 2012 allowed the two new projects, that were underway, to take advantage of the tax credits which resulted in saving to one company by reducing the lease rate.

The EZ continues to impact downtown Hagerstown. Developers are continuing to take advantage of the zone to revitalize the downtown area and to place new businesses in operations that creates new job opportunities for the citizen of Washington County and the surrounding areas.

Hagerstown-Washington County EZ

Excerpts from Administrator Reports: Impact of Property and Income Tax Credits (continue)

In July 2012, Ankor Thom, LLC, the owner of 649 E University Blvd., Silver Spring (Long Branch) was issued a commercial construction permit. The owners are razing the building, formerly a Tire Depot Express and plan to construct single story retail space. The impetus for the project is that a station is planned for the proposed Purple Line at the intersection of University Blvd. (MD 193) and piney Branch Rd. (MD 320). The property lies on the southeast corner of this intersection. The construction was to be complete in summer 2013.

While no new certification was made in 2012, the long term effect of the program has been modest growth and stability for businesses that have participated in the program with \$10 million in new construction and \$2.1 million in renovations through calendar year 2012.

Long Branch/Takoma Park EZ

Two new market rent apartment projects opened within the Olde Towne EZ in 2012. Archstone Gaithersburg Station opened in June 2012 with 389 rental units and 18,000 sq. ft. retail space, and the Hidden Creek Apartments opened in August 2012 with 300 rental units and 4,000 sq. ft. retail space. While neither the property nor the income tax credit benefitted these projects, the County and City's impacts tax, Washington Suburban Sanitary Commission Supplier Diversity (WSSC SD) and affordable housing waivers through the EZ program all contributed significantly to these projects' successful delivery.

Olde Towne Gaithersburg EZ

2012 was an extremely difficult year for the business and residential communities on the southeast side of Baltimore County. The RG Steel plant at Sparrows Point closed permanently in June 2012 and 2,200 workers lost their jobs. In addition, many zone businesses that provided material to the plant or processed steel production at the plant were left with little or no business as a result of RG Steel closure, and a number of those businesses closed.

North Point EZ – Baltimore County

Beitzel Corporation, dba Pillar Innovations, LLC (Pillar), purchased the former Stellar Precision building in the Northern Garrett EZ in late 2007. In 2007 and 2008, Pillar expanded the original building to allow for additional manufacturing space, purchased additional acreage from ClosetMaid Corporation and constructed an additional building. In 2012, additional improvements to the former Stellar Precision building were completed. As a direct result of the continued improvements, Pillar hired 11 additional employees in 2012 and has a plan to hire additional employees in 2013. Furthermore, at this point, Pillar has reached capacity on its current properties and is planning to purchase additional acreage on which to construct an office/administrative building in the zone.

Northern Garrett EZ

Northrop Grumman Technical Services, Inc. (NGC) in the Princess Anne Industrial Park has increased their number of employees and their operation continues to move forward. NGC is looking to expand their current facility in Somerset County. NGC also created a partnership with University of Maryland Eastern Shore and has assisted in the teaching of engineering courses which provided employment and internship opportunities to the students.

Innspiration LLC has purchased the Washington Hotel Inn in the historic downtown area of Princess Anne. The regeneration of the Hotel is a public-private partnership involving Inspiration, local private investors, the Town of Princess Anne and State and Federal granting agencies. This project will create approximately 15 jobs.

Princess Anne-Somerset County

Excerpts from Administrator Reports: Impact of Property and Income Tax Credits (continue)

Cadista Pharmaceutical, Inc. has several plants in North America and chose to expand the Salisbury plant by 100,000 sq. ft. in part due to the EZ program. Once the expansion is complete, the company anticipates hiring an additional 100 employees. EZ benefits were important to Cadista given the size of the investment (approximately \$16 million) and the large number of new jobs.

Costal Linens, Inc. completed its \$1 million industrial laundry plant project located within Westwood Commerce Park. Coastal is a “start-up” processor of industrial laundry that employs approximately 25 employees. The EZ’s property and income tax credits helped preserve cash flow in the early stages of the company. In addition, the benefits also mitigated the heavy investment that the firm made in plant, property and equipment.

Evolution Craft Brewery renovated the former 20,000 sq. ft. ice plant into a restaurant with an attached brewery. The company employs approximately 50 workers. Income tax credit associated with the EZ program was a key attraction for the company to locate and renovate the site.

Salisbury-Wicomico County EZ

The Southern Garret EZ has been one of the county’s hardest hit EZ during the past year. Two businesses, Yellowstone Log Homes, LLC and MicroEnergy Systems, Inc. dissolved their charters and closed their facilities. In addition, GMS Partnership, LLP, the parent company of Pioneer Conveyor, Garret Industrial Supply and Garret Mine Supply, decided to move the bulk of their operations to West Virginia.

Despite those setbacks, there have been some positive things happening in the zone – Morningstar further expanded into foreign and U.S. markets in 2012 as well as extended its product line and services. The company reports that its back office services division continues to grow at steady rate. Since the 10,000 sq. ft. existing building and parking space will only allow expansion for up to 90 employees, which management expects to reach in late 2013, the company is considering expansion of the facility at the current location rather than relocating elsewhere partly due to the EZ tax credits.

GCC Technologies, LLC (GCC Tech) has been expanding its facility and businesses since it moved the company’s operation in Garret County in 2007. In March 2012, GCC Tech purchased a 30,000 sq. ft., county owned shell building located in the EZ. The company has invested over \$2.7 million in building expansion and rehabilitation, and equipment purchases. GCC Tech has relocated 65 of current employees to the new building, and anticipates hiring an additional 20 employees by the end of 2013.

Southern Garrett EZ

Diageo invested more than \$50 million in its Relay Maryland production facility in 2012. The Relay site blends and packages various brands of Diageo liquors. The facility currently employs approximately 140 people. The investment funded the installation of new high speed bottling lines and upgrades to key production areas. New and improved infrastructure provides the opportunity for Relay to produce some of Diageo’s other market leading brands in the future. Diageo is utilizing the property tax credits to help fund the building improvements necessary to accommodate new equipment.

Alberree Products, a Halethorpe windshield wiper blade manufacturer, received an approval of a \$4.5 million industrial revenue bond that allowed the 20-year-old company to buy and renovate its 102,000 sq. ft. building. The renovations allowed the company to add 27 jobs, pushing its total as many as 97 employees. The company will receive property tax credits on the improvements to the facility and may apply for income tax credits for the new hires.

J.C. Parry & Sons, a manufacturer of plastic stretch wrap, received an approval of a \$6 million industrial revenue bond that was used to purchase a second extrusion machine. They expect to add 10 new employees and will take advantage of the income tax credits.

Southwest EZ – Baltimore County

Excerpts from Administrator Reports: Impact of Property and Income Tax Credits (continue)

The EZ has played a role in the revitalization and expansion of Westfield Wheaton Mall –the largest single property in the Wheaton EZ. The mall adjacent to a transportation hub – the Metro Red Line and bus bays. The combination of significant retail and public transportation amenities has prompted residential development in the downtown Wheaton area.

After demolishing the former Hecht's department store, Westfield began construction on a 2-level 232,000 sq. ft. addition to the mall with Costco Wholesale occupying 158,000 sq. ft. on the second level and Dick's Sporting Goods, occupying 52,000 sq. ft. on the 1st level. The estimated cost of the project is 64 million. Dick's opened October 2012, 2012. Costco opened April 2013. EZ tax credits have been marketed to all three entities. With construction complete, Westfield is in the process of preparing an application for the EZ real property tax credits and Costco has indicated its interest in applying for business income tax credits for approximately 125 full-time employees.

The Exchange At Wheaton Metro is the Wheaton Central Business District's first substantial mixed use residential/retail project located directly across from the Wheaton Metro Station, led by Patriot Realty and Foulger Pratt Development. The project includes a 58,000 sq. ft. Safeway supermarket at street level and a 486-unit high-rise residential apartment above the store and is currently under construction. The Safeway is anticipated to open in later summer 2013. The project cost is estimated at \$88 million. EZ incentives have been marketed to Safeway who is anticipated to participate in the program. The project also has benefited from the waiver of local transportation and school impact taxes, an additional local EZ incentive in Montgomery County.

Construction led by Washington Property Co., began in 2012 on Solaire Wheaton, a 232-unit residential apartment complex approximately 500 feet south of Wheaton Metro Station. While the project is not eligible for EZ tax credits, as with Exchange At Wheaton Metro, it will benefit from the waiver of transportation and impact taxes, a local EZ incentive in Montgomery County.

Wheaton EZ

Appendix A: Survey Results from Enterprise Zone Administrators for the Effectiveness of the Enterprises Zone

